



Acquisition Improvement Team

Government/Industry Acquisition Improvement Team (AIT)

Patuxent River, MD

21 October 2010



Acquisition Improvement Team

A joint Government/Industry team focused on improving the acquisition and business support process

Goals

- ◆ Introduce best business practices
- ◆ Reduce cost
- ◆ Promote better communications
- ◆ Identify problem areas
- ◆ Embrace acquisition reform initiatives
- ◆ Use a proactive joint/team approach to problem solving

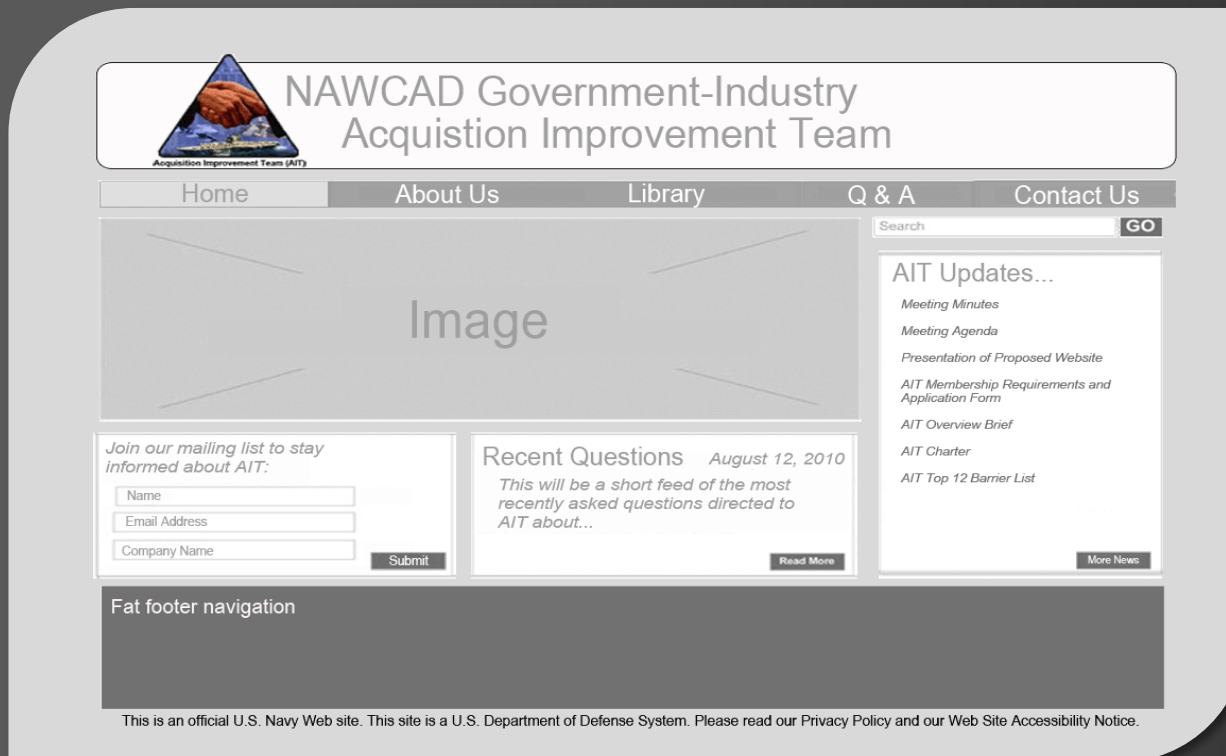


AIT Steering Committee

Government Representatives		Industry Representatives	
NAWCAD ED	G. Kessler	Compliance	Harold Herndon
2.0	Mark Diehl	Wyle	Barbara Gardner
4.0	Rick Mattson	RBC	Ken Stepanuk
5.0	Steve Cricchi	L-3	Lynn Krouse
6.0	John Altomare	Eagle Systems	Mike DeManss
7.0	Graham Harlowe	RED-INC	Karen Garner
11.0	Jim Carr	SAIC	Tim Shepley
OSBP	Ken Carkhuff	RSBP	Gene Townsend
NBPO	Mike Schroeder		



AIT Communication Efforts



- ◆ LRAF Industry Day – Feb 2011
- ◆ Quarterly briefings
- ◆ AIT Website



Acquisition
Improvement Team



AIT Initiatives

CPARS as preferred Past Performance evaluation source	• Closed
Appropriate contract for type of requirement	• Closed
Seaport contract LOE/Ceiling	• Closed
Excessively frequent incremental funding modifications	• Closed
Marketing information access – Contracts Database	• Closed
Meeting small business contracting goals	• Closed
RFP response times – (proposal preparation time)	• Closed
Shift away from GSA service contracts	• Closed
Navy IDIQ/Multiple Award Contract (MAC) Policy Change	• Active
Performance based contracting for services contracts	• Active
Procurement cycle times/Burdensome processes	• Active



Barrier # 1 – Past Performance Data Collection

- ◆ Inconsistent methods of collecting past performance information discourages use of the Contractor Performance Assessment Reporting System (CPARS) as the single standardized source of past performance information.



Barrier #1 Status

- ◆ Implemented change in Section L of NAWC(AD) Services Solicitations regarding Past Performance and use of CPARS as follows:
"For contracts that are currently in the Contractor Performance Assessment Reporting System (CPARS), and for which annual reporting has been performed, do not send the past performance questionnaire for services to the customer."
- ◆ Past Performance Questionnaires are only used for contracts that do not have CPARS or for contracts that have CPARS that are more than 12 months old.



Barrier #1 Status

Utilize CPARS data and standard Past Performance Questionnaire (PPQ)

- ◆ Re-emphasized to CORs the need to complete CPARS
 - Incorporated CPARS guidance into;
 - NAVAIR COR Instruction, COR Nomination Letter, and COR Refresher Training
- ◆ Re-emphasized to contract specialists the need to register contract in CPARS database.
 - Created "how to" guide and trained 2.5.1 workforce.
 - Added requirement to include a screen shot of CPARS entry in contract file.
- ◆ Linked CPARS to Quality Assurance Surveillance Plan
- ◆ Developed Business Rule on CPARS completion prior to option exercise.
- ◆ Developed standard PPQ.
- ◆ Developed standard language in Section L
- ◆ Plan to continue monitoring improvements
- ◆ Status: Closed



Barrier #2 – Selection of Appropriate Services Contract Type

- ◆ The selection of contract type and structure must consider the type of services to be performed, the complexity of the task, the variables of task performance and schedule, the possibility of changes and other factors related to the most efficient ordering of the work.



Barrier # 2 Status

- ◆ Factors in selecting contract types include:
 - Price Competition
 - Price Analysis
 - Cost Analysis
 - Type and complexity of the requirement
 - Urgency of the requirement
 - Period of performance or length of the production run
 - Contractor's technical capability and financial responsibility
 - Adequacy of the contractor's accounting system
 - Concurrent contracts
 - Extent and nature of proposed subcontracting
 - Acquisition history



Barrier # 2 Status

- ◆ OSD Memo signed by Dr. Ashton B. Carter on 28 June 2010 identified the following regarding using the proper contract type for services:
 - Phase out Time and Material and sole-source (single award) ID/IQ contracts whenever possible.
 - Utilize fixed-price performance-based contracts when requirements are firm and can be measured, with payments tied to performance.
 - Utilize fixed-price level of effort or cost-plus-fixed-fee contracts (with profit/fee tied to weighted guidelines) when requirements are still being defined.
 - Award fees should be used only by exception.
 - Maximize the use of multiple-source, continuously competitive contracts.



Barrier # 2 Status

- ◆ Additional guidance provided via OSD Memo signed by Dr. Ashton B. Carter on 14 September 2010:
 - Increase use of Fixed-Price Incentive (Firm Target) contract type using a 50/50 share line and 120 percent ceiling as a point of departure.
 - Enhance competition by requiring more frequent re-compete of knowledge based services.
 - Single-award contract actions should be limited to three years.
 - Multiple award IDIQ contracts may be up to five years if on-ramp provisions are included to refresh/update the competitor.



Barrier # 2 Status

- ◆ Use of Technical Direction Letters (TDLs) appropriate under NAVAIR contracts as a means of issuing technical direction or clarification for previously tasked work. Per NAVAIR Clause, Technical Direction, states:

"When necessary, technical direction or clarification concerning the details of specific tasks set forth in the contract shall be given through issuance of Technical Direction Letters (TDLs) by the Contracting Officer's Representative (COR)."

- ◆ The Government acquisition team continues to utilize current policy, regulations and law to determine the appropriate contract type and structure for the requirement.
- ◆ Status: Closed



Barrier #3 – Seaport-e Orders have no Provision for Growth

- ◆ Seaport-e Orders are awarded with little to no provisions for growth and do not have the ability to meet emerging requirements.



Barrier # 3 Status

- ◆ Seaport-e is a Multiple Award Indefinite Delivery/ Indefinite Quantity contract
 - All task orders issued must conform to the terms of the basic contract.
- ◆ Increase in scope on Seaport-e Orders can be approved incorporating the change via bi-lateral modification.
 - Approval required by the NAVSEA Competition Advocate
- ◆ NAWCAD developed a contract clause to establish an option to increase capacity not to exceed ten percent (10%) within the respective period of performance of Seaport-e Orders.
- ◆ Status: Closed



Barrier #4 – Excessively Frequent Incremental Funding Modifications

- ◆ Incremental Funding actions have a large and often negative impact on cost and performance.



Barrier # 4 Status

- ◆ Lean Six Sigma Project regarding incremental funding conducted in 2005 & 2006:
 - Standardize the processing of incremental funding modifications
 - Identify root causes for incremental funding actions:
 - Multiple fund sources
 - Full funding not provided by fund sources
 - New In-scope requirements
 - Funding policies
 - Control spending
 - Actual costs uncertain
 - Incremental funding actions are a product of the budget and funding allocation process
- ◆ Status: Closed



Barrier #5 – Limited Access to Information Impedes Competition and Marketing

- ◆ Information including acquisition improvements, lessons learned, existing and future requirements, and contact information is not readily available to the community.



Barrier #5 – Status

- ◆ NAVAIR Long Range Acquisition Forecast (LRAF)
 - ✓ Compliance with Public Law 100-656, the Business Opportunity Development Reform Act of 1988
 - ✓ Updated annually
 - ✓ Potential procurements >\$100K for the upcoming fiscal year plus succeeding two fiscal years
 - ✓ FY11-FY13 LRAF was published in August 2010
 - ✓ Available at www.navair.navy.mil/osbp
- ◆ Small Businesses can submit Company Data Sheets for marketing Government technical personnel based on LRAF entries. Refer to Guidance to Industry under Marketing tab on the NAVAIR OSBP website.
- ◆ NAWCAD LRAF Conference Feb 2011
- ◆ Status: Closed



Long Range Acquisition Forecast (LRAF)

Forecast Spreadsheet includes:

- Short descriptive title for the requirement
- Longer description of the requirement
- Estimated dollar value of the requirement
- Requiring organization
- NAVAIR contracting office
- Est. solicitation/Request for Proposal release date
- Timeframe when the contract may be awarded
- Small Business Set-Aside? (if known)
- Planned strategy (i.e. SDVOSB set-aside)
- Incumbent contractor
- Procurement quantities
- Period of performance of the contract
- Delivery/performance location
- Point of contact



LRAF Datasheet

Long Range Acquisition Forecast Data Sheet

Short Descriptive Title of Contracting Opportunity (to include RFPs)	Expected Dollar Value Range for the Requirement (include "options")	Small Business Set Aside	Procurement Method	Requiring Organization	Projected NAVAIR Contracting Office	Anticipated Solicitation / RFP (Qtr/FY)	Anticipated Contract Award (Qtr/FY)	Anticipated Period of Performance (months or years)	Incumbent Contractor (If Applicable)	Projected Work Location	Procurement Quantity (if applicable)	Point of Contact (phone or email)

****DISCLAIMER**** United States Code Title 15, Section 637(A) (12) (C), requires the Department of the Navy (DoN) to prepare a forecast of expected contract opportunities for the next and succeeding fiscal years and make the forecast available to small businesses. We fulfill this requirement by publishing this Long Range Acquisition Forecast (LRAF) and updating the information on an annual basis. The LRAF contains NAVAIR requirements valued at \$100,000 or more that are forecasted for the upcoming and next two fiscal years. The forecast is for informational and marketing purposes only. It does not constitute a specific offer or commitment by the Navy to fund, in whole or in part, the opportunities referenced herein. This listing is not all inclusive and is subject to change.

* NOTE: All information contained in this Long Range Acquisition Forecast is based on upcoming fiscal year and the two succeeding fiscal years.

** NOTE: Use the drop down menus for the selection of the following data sets: Expected Dollar Value, Small Business Set Aside, Procurement Method, Anticipated Solicitation and Anticipated Contract Award.



Barrier #6 – Meeting Small Business Subcontracting Goals

- ◆ Meeting small business (SB) subcontracting goals is difficult when:
 - the only qualified SB(s) holds a competing IDIQ/MAC award, and
 - when market research has demonstrated there are no qualified SB sources and a large business is required to meet a substantial SB subcontracting goal with qualified SB subcontractors in an unrestricted competition.



Barrier #6 – Status

- ◆ The following is provided for information
 - It is DOD and DON policy to provide maximum practicable opportunities for small businesses as primes and subcontractors
 - If the KO has reasonable expectation that offers will be obtained from at least two responsible small business concerns, then any acquisition exceeding \$100K shall be set-aside. If a procurement cannot be set-aside, then maximum small business participation through subcontracting is encouraged.
 - Although DoD has Small Business Subcontracting goals, NAVAIR does not. NAVAIR only tracks obligations to small business primes.
 - DoD Small Business Subcontracting Program Fact Sheet (March 2010) is a good reference (www.acq.osd.mil/osbp)



Barrier #6 – Status

- ◆ The following is provided for information
 - Federal Procurement Data System-Next Generation (FPDS-NG) tracks federal procurements (www.fpds.gov/fpdsng_cms). ezSearch can be used for market research to identify potential subcontractors.
 - The NAVAIR LRAF lists procurements for the current fiscal year plus the next two fiscal years and is an excellent market research and procurement planning tool for identifying subcontracting opportunities
 - Other sources of market research for identifying small business are
 - Central Contractor Registration (www.ccr.gov)
 - Small Business Administration Dynamic Small Business Search (see CCR)
 - Center for veterans Enterprise Vendor Information Pages (www.vetbiz.gov)
 - NAVAIR OSBP website (Find a Business) (www.navair.navy.mil/osbp)



Barrier #6 – Status

- ◆ The following changes have occurred over the past two years
 - Since Oct 08, the Electronic Subcontracting Reporting System (eSRS) has been online and provides agencies with access to analytical data on subcontracting performance
 - Since Feb 09, the Contractor Performance Assessment Reporting Systems (CPARS) includes a new rating element for utilization of small business:
 - Holds contractor accountable for their best efforts
 - Applies to CPARS evaluations on all contracts that require a subcontracting plan
 - OSD (AT&L) established new criteria and colors
 - Training conducted for evaluators
 - Since Jul 10, an interim rule in the FAR requires contractors to report executive compensation and first-tier subcontractor awards on contracts expected to exceed \$25K



Barrier #6 – Status

- ◆ The following changes have occurred over the past two years
 - NAWCAD Pax River Seaport-e sections L&M template addresses subcontracting plan requirements and small business utilization. Socio-economic goals are no longer listed in the RFP.
 - Large Business offerors must provide a FAR 19.7 & 52.219-9 compliant subcontracting plan and address small business utilization (FAR 19.7 & 52.219-8)
 - Small businesses must only address small business utilization
 - One of the FY11 initiatives for the OSBP is to develop a Small Business Subcontracting improvement program
 - Recent Dr. Carter memorandums and the Small Business Act of 2010 provide additional guidance
- ◆ Status: Closed



Barrier # 7 – RFP Response Times

- ◆ Request for Proposal response times can be inadequate for the purposes of fair competition.



Barrier # 7 – Status

- ◆ The LRAF provides industry with a three-year forecast for planning purposes
- ◆ Initiatives that can help with contactor proposal development:
 - Issuance of draft solicitations
 - Industry days
 - Increasing proposal preparation time
 - Increase in Seaport response time from 11 business days to 30 calendar days
- ◆ Per OSD memo dated 14 September 2010:
 - Competitive solicitations that receive only one bid, and that were open to industry for less than 30 days, to be re-advertised for a minimum additional period of 30 days
- ◆ Status: Closed



Barrier #8 – Shift Away from GSA Service Contracts

- ◆ Shift away from GSA Service Contracts Impacts NAVAIR Customers and Contractors
 - DoD's focus on the use of Seaport-e and away from GSA and other Non-DoD service contracting vehicles has essentially eliminated these useful short lead-time contracting vehicles.
 - Industry felt there was no DoD alternative to the GSA schedules and that Seaport-e has not delivered the short award lead times as indicated.



Barrier #8 – Status

- ◆ AIR-2.5 and AIT developed a survey to industry that was issued in August 2009 via The Patuxent Partnership – Soliciting information regarding:
 - Details on policies limiting customer use of GSA schedules
 - DoD contracts that could be used as suitable alternatives to GSA schedules
 - Cycle time metrics on Seaport-e Task Orders
 - Negative impact on NAVAIR operations and growth of NAVAIR business
 - Industry's ability to support NAVAIR without GSA/Non-DoD contracting vehicles



Barrier #8 Status

- ◆ AIT received zero responses from industry
- ◆ AIT felt this may be due to:
 - Use of Seaport-e for Navy services contracting provided CNO insight and accountability on CSS contracting
 - Most GSA orders were converted to Seaport-e or other vehicles
 - DoD policy requiring additional oversight to procure services on GSA schedules and Non-DoD contracts
- ◆ Due to lack of industry participation the AIT closed this action
- ◆ A related barrier has been opened by the AIT to review the availability and applicability of DoD wide rapid action contracting vehicles to meet emerging requirements
- ◆ Status: Closed



Barrier # 9 – Navy IDIQ/MAC Policy Change

- ◆ The Navy's policy to apply Public Law Section 843 requirements to all IDIQ procurements under \$100M increases costs for both the Government and Industry which may lead to a reduced ability to compete.



Barrier # 9 Status

- ◆ Section 843 of the National Defense Authorization Act for Fiscal Year 2008, Public Law 110-181, “Enhanced Competition Requirements for Task and Delivery Order Contracts” stipulates that no task or delivery order contract in an amount estimated to exceed \$100M (including all options) may be awarded to a single source unless approved by the Head of the Agency (ASN(RDA)).
- ◆ Per Navy policy at the DASN level, authority for determining the appropriate acquisition strategy approach for an IDIQ procurement under \$100M (single versus multiple award) requires Head of the Contracting Activity approval (may be delegated to the Chief of the Contracting Office).



Barrier # 9 Status

- ◆ The following categories of single award IDIQ contracts below \$100M are exempt:
 - Competitively awarded contracts which provide only for firm, fixed unit price task or delivery orders where unit prices are established in the contract;
 - Only one qualified offer received under a competitive solicitation;
 - Contracts for Foreign Military Sales awarded to a directed source;
 - Requirements contracts supported by approved acquisition plans/strategies;
 - Contracts supported by a sole source Justification and Approval under FAR Part 6
 - Sole source contracts awarded under Section 8(a) of the Small Business Act; and
 - Contracts with a total estimated value less than \$5.5M



Barrier # 9 Status

- ◆ Under the current administration, OSD and NAVY continue to emphasize increasing the number of competitive procurements.
 - Includes consideration of multiple award IDIQ contracts in determining the best strategy for procuring the requirement.

- ◆ For FY09/FY10 NAWC(AD) awarded the following:

Single Source IDIQ Contracts

	<u>QTY</u>	<u>\$ Value</u>
■ FY09	15	\$355.8M
■ FY10	10	\$570.8M

Multiple Award IDIQ Contracts

■ FY09	0	\$0.0M
■ FY10	2	\$535.2M

Seaport-e Multiple Award Task Order

■ FY09	26	\$890.4M
■ FY10	21	\$960.4M

- ◆ AIT putting in place an action team to review ways to streamline proposal requirements and evaluations for executing multiple award contract orders.
- ◆ Status: Active



Barrier # 10 – Performance Based Contracting for Services

- ◆ Performance based contracting procedures for services restricts competition and is ineffective for professional services contracts.
- ◆ Areas Reviewed:
 - Quality of Performance Work Statements (PWS)
 - Possible exclusion of program management service contracts from performance based requirement
 - Quality Assurance Surveillance Plans (QASP)



Barrier # 10 Status

- ◆ Quality of PWSs
 - Random sampling of solicitations shows high quality and conformance to performance based principles
 - ◆ AIR 2.5 SOW Checklist, AIR 2.0 Internal Training and Technical Competency Internal Training to be modified to provide additional resources and information for ensuring continued high quality of PWS
- ◆ Possible exclusion of program management service contracts from performance based requirement
 - ASN(RD&A) direction (May 2005) to use Seaport-e, for which contracts and task orders must be performance based
- ◆ QASPs
 - Random sampling of solicitations shows room for improvement in structuring value-added quality assurance provisions
 - Next Step: Charter new AIT action team to create template for program management service contract PWS/QASP language. Consistent with OSD Memo of 14 September 2010 directing the maximum use of standard templates in developing Performance Work Statements to improve contract solicitations.
 - ◆ Thoughtfully structured template will reduce barriers to competition and provide PMA customers a value added tool for developing PM support solicitations
- ◆ Status: Active



Barrier # 11 – Contract Action Process Times

- ◆ Process administrative lead time for completing contracting actions is too long and a burden to businesses.
- ◆ Performing contractual and financial processes and controls takes precedence over achieving technical goals making the process slow and arduous.



Barrier # 11 Status

Current DoD/DON & NAVAIR Peer Review Requirements

Type of Procurement	Criteria	Total # of Reviews
Services/Supplies/System	<ul style="list-style-type: none"> ➤ ≥\$1B (inclusive of options) ➤ DoD/DPAP Approval 	Pre-award (3 for competitive/2 for non-competitive)
Services	<ul style="list-style-type: none"> ➤ ≥\$250M but <\$1B (inclusive of options) ➤ DON/DASN (A&LM) Approval 	Pre-award (3 for competitive/2 for non-competitive)
Supplies/Systems/Services (Non-competitive)	<ul style="list-style-type: none"> ≥ \$250M (inclusive of options) NAVAIR Approval 	1 Pre-award
Supplies/Systems/Services (Competitive)	<ul style="list-style-type: none"> ≥ \$25M (inclusive of options) NAVAIR Approval 	1 Prior to Solicitation Release 1 Pre-award
All Services (Competitive & Non-competitive)	<ul style="list-style-type: none"> > \$50M (base plus all options) NAVAIR 	Prior to Option Exercise



Barrier # 11 Status

- ◆ NAWCAD & NAVAIR are engaged in continuous improvement projects to improve cycle times, streamline processes, and identify ways to provide requirements to the fleet quicker and at reduced costs.
 - On-going Airspeed project to review the following:
 - Requirements Development
 - Contractor Proposal Development
 - Government Review
 - Negotiations/Contract Award
- ◆ Status: Active



AIT & Active Barriers

- ◆ Navy IDIQ/MAC Policy Change
 - AIT reviewing ways to streamline proposal requirements and evaluations for executing MAC orders
- ◆ Performance based contracting for services contracts
 - AIT researching/reviewing examples of performance based statements of work that have identifiable and measureable outcomes and development of a standard PWS template
- ◆ Procurement Cycle times/burdensome processes
 - On-going Airspeed project reviewing processes and cycle times
- ◆ DoD Rapid Action Contracting
 - AIT researching/reviewing DoD wide rapid action contracting vehicles and applicability for quick reaction requirements

